



University of Wisconsin System Fiscal Year 2016-17

Background

The University of Wisconsin (UW) System provides postsecondary academic education for approximately 176,000 students and consists of 13 four-year universities, 13 two-year colleges, UW-Extension, and UW System Administration, which consists of the UW System President's staff. UW System is governed by an 18-member Board of Regents.

To fulfill our statutory requirement, we conducted a [financial audit of UW System](#) by auditing its financial statements in accordance with applicable government auditing standards, issuing our auditor's opinion, reviewing internal controls, and reviewing certain financial management topics.

Audit Results and Key Findings

Our unmodified opinion on UW System's financial statements for fiscal year (FY) 2016-17 and FY 2015-16 is included in its [2017 Annual Financial Report](#). We provide an unmodified audit opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with generally accepted accounting principles (GAAP).

We have reported [concerns related to information technology \(IT\) security policies, procedures, and controls](#) at UW System since the early 1990s. Such weaknesses increase the risk that unauthorized or erroneous transactions could be processed or changes could be made to accounting, payroll, and student data. We continued to identify weaknesses and reported these weaknesses as [a significant deficiency in internal control](#) in our [Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters](#).

We also found:

- On a GAAP basis, [UW System's net position](#), which provides a measure of its overall financial condition, was \$6.6 billion as of both June 30, 2016, and June 30, 2017.
- On a budgetary basis, UW System's [unrestricted program revenue balances](#) decreased from \$883.3 million as of June 30, 2016, to \$851.6 million as of June 30, 2017, or by \$31.7 million.
- At its November 2017 meeting, the Board of Regents approved the negotiation of a contract with the State of Wisconsin Investment Board for [investment management services](#).
- UW System Administration has developed five systemwide IT policies, but it [has not developed a comprehensive IT security program](#) in order to comply with our prior audit recommendations and Board of Regents policy.

Audit Recommendations

We [recommend](#) UW System Administration continue the development and maintenance of a comprehensive IT security program and report the status of its efforts to the Joint Legislative Audit Committee by August 31, 2018.